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TO RUEHC/SECSTATE WASHDC 4274
INFO RUCPDO/DEPT OF COMMERCE WASHINGTON DC
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SUBJECT: SENATOR BOND PROMOTES TRADE AND INVESTMENT LINKS WITH
INDONESIA

11. (SBU) Senator Christopher "Kit" Bond promoted U.S. investment and commercial ties as a way to promote close relations, combat terrorism through job creation, and contribute to the economic health of the United States in meetings with Indonesian Minister of Trade Mari Pangestu and the American Chamber of Commerce in Jakarta on January 9. Senator Bond also addressed issues of Indonesian trade barriers, highlighting that uncertainty, arbitrary regulations, and perceived corruption reduced the opportunities for U.S. companies to expand in Indonesia.

AmCham Takes the Message

12. (SBU) Senator Bond told the Board of Governors of the American Chamber of Commerce in Indonesia that U.S. businesses should invest more in Southeast Asia, particularly Indonesia, to promote closer relations with this crucial country, reduce terrorism by creating more jobs, and to maintain the United States' economic influence. Senator Bond listened to AmCham's views on obstacles to more robust investment in Indonesia, including regulatory and tendering uncertainty and perceived corruption. AmCham members pointed out that companies operating in Indonesia are making money. An energy company representative pointed out that Indonesia still welcomes independent oil companies, although regulatory changes are making it harder for them to do business. Senator Bond stated that removing the tax on U.S. citizens' overseas income would be a positive development for U.S. companies overseas.

Minister Pangestu Shares the Goal

13. (SBU) Minister Pangestu welcomed Senator Bond's goals of promoting trade and investment and stressed that Indonesia is making progress on addressing the obstacles. She said Indonesia is in the midst of large-scale reforms with significant progress to date. Legal certainty, IPR, and corruption remain concerns for the government and investors, but she noted that anti-corruption efforts have been the most successful to date. Pangestu believes that courts should be "better informed," particularly on IPR, but we can advance legal and regulatory issues through our Trade and Investment Framework Agreement process.

14. (SBU) Pangestu stressed that the U.S.-Indonesia bilateral economic relationship focused too much on problems, that it should instead focus on opportunities and highlight successes, especially through the Comprehensive Partnership. She stated that she intends to have Indonesian officials reach out to U.S. businesses throughout the United States, rather than focusing on Washington DC, New York, and Los Angeles. Senator Bond encouraged links with Missouri.

15. (SBU) Bond and Pangestu agreed that there were a number of areas where both countries could cooperate, including renewable energies,

coal gasification, food processing, and financial services. They also noted the benefits of concluding a new OPIC agreement and from recent large-scale deals such as the purchase of Boeing aircraft, Bond stressed the benefits of biotech crops to increase food production and biomass energy that is being developed in his home state of Missouri. Both agreed that greater educational exchange would be beneficial, and Pangestu noted that University of Missouri has a world-class journalism school that could provide a great education to Indonesian journalism students.

16. (U) Senator Bond did not have the opportunity to clear this message.

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